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Author(s): Irfan Habib

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IRFAN HABIB

*Colonialization of the Indian Economy,  
1757 - 1900*

FOR all students of modern Indian history, the colonialization of the Indian economy under British rule must remain a theme of overriding importance. Here was the first, the classic capitalist power creating, and transforming, the largest colony in the world. Marx was greatly interested in this phenomenon, and called attention to the roles of India as a source of primary accumulation of capital and as a market for the industries of the colonizing power. He studied, too, the destructive and the regenerative effects of British rule upon the Indian economy.<sup>1</sup> (1) Since then, and especially since R C Dutt's splendid two volumes of *Economic History* at the beginning of the century,<sup>2</sup> much has been written on the subject. Monographs on the various regions and on individual aspects of economy and administration during the period have naturally multiplied. There is, indeed, now a danger that the major strands may be overshadowed by the minutiae that detailed research always turns up. A recent debate<sup>3</sup> did much to focus interest back on some of the important issues of the main theme; and this paper is written with the same intention.

An attempt is here made to offer (or, mostly, restate) a number of propositions about the process of colonialization of the Indian economy from 1757 to about 1900. I have a feeling that the different stages of colonialization, each with its own specific features, need to be distinguished;

and that there is need also to take into account a number of factors which in general discussions, at any rate, have seemed to escape notice. I hope that this paper would induce research workers, more qualified to speak on the subject, to enter the debate and help to reconstruct an acceptable framework for studying the economic processes of these hundred and fifty years.

## I

In order to study these processes, it is imperative to keep in mind two given starting points. The first is the mode of production, especially the system of extraction of surplus (or, to use the more convenient term, exploitation) existing in India on the eve of the British conquests. The other is the nature of British imperialism, which was itself subject to change as British economy was transformed under the impact of the Industrial Revolution.

On the first of these points, I shall presume, in order to save time, to summarize the conclusions that I have been led to, on the basic arguments set out in some detail in two earlier papers.<sup>4</sup>

The primary method of surplus-extraction throughout India had come to be the levy of land revenue on behalf of or, in the name of, the Sovereign Ruler. This institution had come about not by "immemorial usage", as British administrators were inclined to think,<sup>5</sup> but as the result of a historical process which can be studied<sup>6</sup> and which would appear to belie the theory of unchangeableness of pre-colonial societies. Whatever its origins, it was now a cardinal principle of the Indian agrarian system, that land revenue should embrace the bulk of the surplus above the peasant's needs of subsistence.

### *Pre-colonial Economy*

The way in which the claims to land revenue were assigned, that is, how this share of the surplus was distributed among members of the ruling class (by way of *jagir* as in the Mughal Empire) defined the basic elements of polity. Upon the expenditure of this vast surplus by the ruling class was based the urban economy of pre-colonial India, with its large craft production, large volume of long-distance trade and a considerable development of commercial capital.<sup>7</sup>

Subordinate to the land revenue, and nominally forming a part of it, was a share in the surplus that went to a heterogeneous hereditary or semi-hereditary class of superior-right-holders over the land, to whom the Mughal clerks gave the convenient designation, *zamindars*. Their nominal share varied from one-tenth of the land revenue in northern India and Bengal to one-fourth in Gujarat. It might actually have amounted to more than these shares, but the recorded sale prices of *zamindari* rights suggest that the income expected from them was always very small compared to the land revenue paid on the same land.<sup>8</sup>

One should remind oneself that cash nexus (payment of land

revenue in cash by peasants) was quite general in India;<sup>9</sup> and that sales of zamindaris were quite common.<sup>10</sup>

A considerable degree of stratification existed within the peasantry.<sup>11</sup> The village was usually the unit of assessment of land revenue; and the upper strata of the peasants (*mugaddams* and the like), often shading off into small zamindars, imposed various rates on the peasants below them, in order to make up the revenue demanded from the whole village. This together with a financial pool for 'village expenses' and certain customary payments to village artisans and servants, formed the basis of the village community.<sup>12</sup> It seems that rather than being the self-sufficient republic, conceived of by Marx,<sup>13</sup> the Indian village community was a mechanism of subsidiary exploitation of the lower strata of the peasantry and the village labourers by the upper strata. The ruling class, and perhaps the zamindars as well, found this system quite convenient, since by permitting an unequal distribution of the revenue burden, they ensured its fuller collection.

Beneath the peasantry, a large rural proletariat was to be found, largely consisting of the menial and untouchable castes. The zamindars and the upper peasants had their farms or *khud-kashta* holdings cultivated by labourers, who were paid wages in cash as well as grain, and who in some areas, like parts of Bihar and southern India, were held in conditions of semi-bondage.<sup>14</sup>

## II

### *Tribute from Conquest*

This was the kind of economy of which the English became masters in Bengal and southern India during the decade and a half following the middle of the eighteenth century. They stepped into the shoes of the sovereign power by virtue of acquisition of *diwani* in Bengal and jagirs in the Northern Circars and elsewhere. The legal forms which concealed these conquests are not material except in so far as they provided rationalization for the main acquisition, the power to levy and collect land revenue and other taxes.

The East India Company, which obtained this power, was controlled by the great merchant-capitalists of the City of London. These merchants had so far conducted a trade, based on the import of Indian piecegoods (muslin, calico, chintz), silk, indigo and spices, that was financed mainly by the export of treasure. Now, suddenly, they found in their conquests the ultimate bliss that every merchant dreams of: to be able to buy without having to pay, and yet be able to sell at the full price. This could be achieved by treating the entire revenues of the country as gross profits. From these the expenses necessary for maintaining government and army, and law and order—the costs of maintenance of the existing system of exploitation—had to be deducted in order to yield the net profits. These could, in turn, be invested for the purchase of

Indian commodities, the so called 'investments'. The purchase of these commodities in conditions where the buyer had a monopoly and their sale in markets throughout the world, further enlarged the profits before the 'tribute'—a word freely in use for it at the time—was finally received in England. The revenues from the conquests dwarfed the amounts of bullion that had once financed English trade; and, accordingly, the exports of Indian commodities underwent an enormous increase. British imports originating in 'East India' increased from £ 1.5 million in 1750-51 to £ 5.8 million in 1797-98, from 12 per cent of total British imports to 24 per cent. In contrast, the British exports to East India rose only from 6.4 per cent to 9 per cent of total British exports.<sup>15</sup> Unlike the later imperialists, fighting for markets in the colonies, these pre-industrial conquerors were hunting for colonial commodities, which had the whole world as their market.<sup>16</sup>

### *Permanent Settlement, 1793*

The source of the conquerors' profits, however, lay not in commerce, but in land revenue. Maximization of land revenue was necessary for the maximization of profits. It was this that led to the unrelenting pressure upon the zamindars in Bengal and to the system of temporary revenue-farms auctioned to the highest bidders. The actual collection of revenue from the 'diwani lands' in Bengal was pushed up from Rs 64.5 lakhs in 1762-3, under the Nizamat, to Rs 147.0 lakhs in 1765-6, the first year of the Company's diwani<sup>17</sup>. And, according to another set of figures, the revenues of Bengal increased from Rs 2.26 crores, in 1765-6 to Rs 3.7 crores in 1778-9.<sup>18</sup> Such was the pressure that a famine which in 1769-70 carried off a third of the cultivators of Bengal, caused no decline in revenue assessments.<sup>19</sup>

This tremendous pressure upon revenuepayers, peasants as well as zamindars, could not but create a crisis in Bengal; and it is this crisis that forms the background to the controversy among the English administrators, preceding the Permanent Settlement. One group, represented by James Grant, argued that the land revenue could yet be considerably increased.<sup>20</sup> The other, of which Cornwallis became the spokesman, saw that the terrifying results of the tribute so far extorted left no alternative, but to offer a compromise to the zamindars, whereby the Company might be protected against a fall in its revenues, by resigning claims to any increase in land revenue beyond a figure now to be finally settled.<sup>21</sup> Sir John Shore took an intermediate position. But Cornwallis, backed by his alarmed masters, won the day, and the Permanent Settlement was proclaimed in 1793.

Whatever the intellectual origins of the Permanent Settlement,<sup>22</sup> and however profusely the word 'proprietor' might be used for the zamindar by Shore and Cornwallis, all this did not convert him into a real landlord. The bulk of the surplus went to the Company. The share of the zamindar, to begin with, was fixed at only an eleventh part of the

land revenue expected to be assessed on the peasants. The zamindars were thus really cast in the role of little more than hereditary revenue-farmers with fixed leases. In 1789 Shore estimated the total surplus of Bengal at Rs 3.25 crores, of which the Company exacted no less than Rs 2 crores while the remainder went to zamindars, other intermediaries and holders of 'alienated lands'.

Moreover, the position of the zamindars worsened on the morrow of the Permanent Settlement.<sup>24</sup> It is possible, though I have not found it suggested anywhere, that the immediate cause for this lay in the behaviour of prices. Cornwallis had expected the rule of silver gradually to fall, and so the prices to rise; but, if Brij Narain's series of prices of coarse rice in Bengal is to be trusted, the prices fell disastrously. From 1780 to 1789, the price of coarse rice had remained stable at an annual average of Rs 1.51 per maund; and for the next five years, 1790-94, the average remained nearly the same, at Rs 1.56. But in 1795 the price fell and remained low for the next 15 years, the annual average being only Rs 0.85 per md. during 1795-99, Rs 1.02 during 1800-04, and Rs 1.09 during 1805-09.<sup>25</sup> Faced with this fall in prices, which kept them at barely 65 per cent of the level maintained before 1793, it is not surprising that many of the zamindars could not collect rents from the peasants at the old rates in order to meet the fixed revenue demand of the Company, and had no choice but to sell out or see their right auctioned off to other bidders. It was at this time that a number of zamindaris passed by foreclosure of mortgage, sale or auction to bankers and merchants.<sup>26</sup> This was not, however, a transfer of capital from commerce to land;<sup>27</sup> but really an indirect annexation of that capital by the East India Company.

### *Siphoned Surplus*

Thus, irrespective of intentions, there was no relaxation of pressure against the zamindars (and through them, upon the peasantry). What this pressure yielded was "the drain of wealth" to England. It is naturally not easy to compute the total amount of this drain or its annual flow. Much would depend on whether the calculation is on the basis of 'prime costs' in India, naturally depressed owing to the Company's monopoly, or on sale prices received by it on the Indian commodities; and whether one would consider only the 'investment' in the China trade, fully financed from Bengal, or the entire return on that investment. Taking the drain through the official channels of the Company alone, the drain from Bengal and Bihar would have amounted in 1779, by one criterion, to £ 737, 651; but, by the other, to £ 1,823,407 (at £ 1 = Rs 10)<sup>28</sup>. Keeping to the conservative criteria, Furber estimates the total drain (including private remittances by Englishmen, often through the other European Companies) at £ 1.78 million per annum during the decade 1783-84 to 1792-93<sup>29</sup>. One way, again, of estimating the amount of tribute is by looking at the balance of trade between Britain and 'East India', although this would exclude the drain through Europe. According to the

customs house figures, there was a spectacular increase in the excess of imports from East India over exports thereto, between 1789-90 and 1797-98. In the earlier year the excess amounted to £ 1.16 million; in the later, £ 4.15 million.<sup>30</sup> The year 1797-98 might, however, have been an exceptional year<sup>31</sup>. Taking the years 1797-1801, the excess of the value of imports works out at £ 2.81 million per annum: and during the years 1799-1803, at £ 2.58 million<sup>32</sup>. Let us then assume that £ 2.70 million represent approximately the annual excess in value of imports over exports. Since the customs-house recorded the prices at prime costs, or even simply accepted declarations as to prices prevailing in the country of origin, the imports were greatly undervalued. The official prices need to be multiplied by a factor by about 1.75 in order to be brought up to real prices.<sup>33</sup> One has also to take smuggling into account.<sup>34</sup> One should therefore put the total gain of Britain at the expense of India to well over £2 million in 1789-90 and over £ 4.70 million about 1801. This enormous transfer of wealth could not but have significant consequences for both India and England.

### *Indian Trade Pattern Disrupted*

It is difficult to estimate the GNP of the British possessions in India which directly contributed the tribute. Grant in his calculations grossly overestimated the agricultural produce of Bengal.<sup>35</sup> Applying Shore's more reasonable estimate for the total agricultural produce of Bengal<sup>36</sup> to the British Indian possessions as a whole, in proportion to the land revenue they contributed,<sup>37</sup> we get a figure approaching 15 crores. To this we may add Rs 5 crores as value added by manufacturers, enlarging proportionately the estimate of 3 crores given by Grant for Bengal.<sup>38</sup> The total GNP of Bengal, Bihar, Banaras, the Northern Circars, &c., should therefore have been under Rs 20 crores per year during the period 1784-89, to which the calculations of Grant and Shore relate. Taking Furber's estimate (based on prime cost in India) for the drain during 1783-84 to 1792-93, we find that the tribute amounted to 9 per cent of the GNP—a crippling drain for any economy.

How this specifically affected the economy needs to be studied. It would seem that we should be looking for a two-fold effect. First, there must have been a considerable decline in Bengal in the kind of urban employment of troops, retainers, craftsmen in traditional luxury trades, servants, and so on, which was supported by the previous appropriators of the surplus. This is exactly the burden of Ghulam Husain Tabatabai's complaints in 1781.<sup>39</sup> Secondly, in so far as the transfer of wealth took the form of export of eastern Indian commodities, this resulted in a radical disturbance of the entire trading pattern of India. In the previous century the principal exports of Bengal used to be transported overland eastwards: much of muslin; and a third of silk.<sup>40</sup> The great silk manufacturers of Gujarat prospered on silk imports from Bengal.<sup>41</sup> Now, however, of the 3.30 crores worth of "raw silk, cotton and silk

manufactures” of Bengal, no less than 1.68 crores worth was exported to Europe, 1.10 crores consumed locally, and only 0.60 crore left for export to other parts of India and the Middle East.<sup>42</sup> This great diversion of trade could not but have had its effect upon Gujarat and other craft centres so far dependent upon silk from Bengal. There must also have been an absolute decline in Bengal’s commerce with the inland regions, thus causing merchant capital formerly employed in it to become idle—a complementary factor, undoubtedly, in the acquisition of zamindari by bankers and merchants.

### *Colonial Base for Industrial Revolution*

At the cost of a short digression, a word on the role of the Indian tribute in the economy of England would not be out of order. Taking the amount of the tribute to be about £4.70 million on the basis of sale prices, we find that it amounted to over 2 per cent of the British national income, estimated at £232 million for 1801.<sup>43</sup> We must remember that the total rate of capital formation in Britain was probably no more than 7 per cent of the national income about this time;<sup>44</sup> and this means that, at this crucial stage of the Industrial Revolution, India was furnishing an amount that was almost 30 per cent of the total national saving transformed into capital. The neglect of this factor in discussions of capital formation in England during this period is surprising. One would certainly have to assume a complete immobility of capital to suggest that this enormous accession of wealth in the hands of London merchants and nobobs did not directly or indirectly channel or divert capital into industry to any significant degree whatsoever.<sup>45</sup>

By 1800, England was on the threshold of completing the conquest of the cotton textile industry by the machine. During the next thirty years the extension of the machine to most other sectors was to be similarly accomplished, culminating in the construction of railways, a sector that was to dominate British economy during the 1830s and 1840s. The need for capital not only continued, but increased. The annual rate of capital formation as a proportion of national income was maintained at about 7 per cent until 1830, whereafter it accelerated to reach 9 or 10 per cent.<sup>46</sup> This capital could not yet entirely be generated by ‘capitalist circulation’, and needed continuing primary accumulation. As against the rate of 9 per cent of national income for total capital formation reached during 1821-31 to 1831-61, net *domestic* capital formation accounted for only 7.4 per cent of the national income.<sup>47</sup> This meant that the pressure for tribute could not be relaxed.

But simultaneously, another aspect became increasingly important: the progressive subjugation of the Indian market for English industry. The British cotton textile industry consumed 16.1 million lbs of raw cotton in 1784-86; 99.7 million lbs in 1815-17; and 1050 million lbs in 1859-60. The enormous increase could not be sustained by the home market. The proportion of the output exported to total output during the successive



periods rose from 16 per cent in 1784-86 to 58 per cent in 1815-17; and 63 per cent in 1859-61.<sup>48</sup> Not only would these exports destroy the world-wide market for Indian textiles, but it would become necessary for Lancashire to invade India's own home market. A similar urge governed other new industries as they came up with mass products.

This dual economic assault upon India marks the second stage of British colonialism in India, set by the progress of industrialization in England. The duality was not without its own contradictions, complicating the realization of the tribute as well as the conquest of the Indian market—contradictions that we will comment upon presently.

### III A

#### *The Utilitarians*

At the end of the eighteenth century, the official doctrine seemed to be that a limitation of revenue-demand was desirable in order to create private property in land, which would in turn lead to extension of cultivation and growth of commerce. What the Company was denying to itself by way of land revenue would be more than compensated in time by the enlargement of revenue from taxes on commerce.<sup>49</sup> Cornwallis had picked on the zamindars as the future proprietors; Munro, the architect of the *Ryotwari* system, thought a limitation of land revenue to a third of the produce would render land an article of saleable property for the cultivating *ryots*.<sup>50</sup>

But very soon a different view became dominant: The view that neither the zamindars nor the peasants deserved to be proprietors. Any part of the surplus left in their hands was wasted; it must belong to the Company; and the business of land administration was to find out the cost of production so as to appropriate the net product in the form of revenue. The proponents of the doctrine were the Utilitarians, the ideological spokesmen of triumphant capitalism.<sup>51</sup>

This doctrine was essentially a rationalization of the economic pressures already at work. The directors of the Company had become dissatisfied with the Permanent Settlement, even before James Mill had uttered a word on the subject. They flatly repudiated, in 1811, the Permanent Settlement that had been promised to the zamindars of the Ceded and Conquered Provinces (modern Uttar Pradesh, excluding Oudh) in 1803 and 1805. They then probably thought that waiving claims to revenue due upon extension of cultivation was unwise; but the rise in prices which took place in the second and third decades of the century, must have set a seal upon their disfavour. The rise in prices was such that the price level around 1830 was over 50 per cent above what it was in 1800.<sup>52</sup> Most of the benefit from this went to the zamindars, who could enhance the rents from the *ryots*, while their own obligation towards the Company remained fixed in terms of cash. From the Court of Wards accounts of Bengal, before 1832, it appears that the zamindars' profits

now equalled or exceeded slightly the government revenue.<sup>53</sup> Here lay the basis for the growth of true landlordism in the permanently settled areas: in Banaras, permanently settled in 1795, the average price paid for zamindaris in 1837 was 15 times the annual revenue-demand on the land involved.<sup>54</sup>

But the permanently settled areas of eastern India were to remain an exception, and the transformation of its zamindars into landlords cannot be held to be characteristic of the position of the zamindar class as a whole during this period. The characteristic operation of imperialism of this stage was seen only partially in the ryotwari settlements. It appears in its true fullness in the *Mahalwari* system of the Ceded and Conquered Provinces (annexed 1801, 1803) and the modified ryotwari system of the Bombay Presidency (mainly annexed, 1818). The ryotwari was a permanent arrangement only in so far as the land occupied by the ryot at the time of the settlement was concerned; even here it provided for a mechanism to adjust revenue to prices. The wasteland remained with the government to be given later upon such terms of its choosing. In the Mahalwari and Bombay systems, there was never a permanent settlement; only short leases, at first, and then settlements for 20 or 30 years, in 1830s and 1840s.

### *Pressure on Agrarian Economy*

In studying the various principles and methods of assessment that were employed, one is struck by the divergence between what should, at first sight, have happened and what actually resulted. On paper, in the Ceded and Conquered Provinces, the land revenue was reduced from 91 to 83 per cent of the total 'rental' in 1822, to 75 per cent by the Regulations of 1833, and to 66 per cent by the Directions of 1844. In 1855 for future settlements it was reduced to 50 per cent by the so called Saharanpur Rules. Pringle claimed that but 55 per cent of the rental was taken as land revenue in Bombay.<sup>55</sup> Similarly, the insistence that settlement officers work out costs of production and vary the rates according to soils tends to suggest that the 'rental' was assessed properly, and the reductions of land revenue to lower and lower proportions should have reduced the revenue demand per acre.

It is best to remember that these measures for theoretically scaling down the land revenue were accompanied by others that had the opposite effect. The land revenue under the preceding Indian regimes was fixed as a share of the crop, and varied according to the crop cultivated. The land revenue under the British, whether directly imposed on the ryots or assessed on the zamindars, was a true tax on land. The assessment was on the basis of what and how much it ought to produce, not on what crop it actually raised. The Anglo-Indian land tax had, therefore, still less to do with actualities of production than the tax it was replacing. Secondly, the more scientific land surveys increasingly made it impossible for any land to be concealed and so to escape assessment, a feature quite common

under earlier administrations. There were also large-scale resumptions of lands hitherto held revenue-free. Thus the actual incidence of demand per acre would increase simply because of more efficient survey, as well as owing to resumptions. When the notion of fixing the revenue on the basis of 'rents' prevailing between primary cultivators and revenuepayers was increasingly invoked, this too did not help because these 'rents' themselves were determined by the magnitude of land revenue previously in force. Moreover, under Bird in the Ceded and Conquered Provinces, and Wingate in Bombay, the practice of first fixing the total demand on an area, and then only undertaking its distribution upon lower units (villages, fields), rendered the assessment liable to be governed by what was assessed previously. Beyond all this was the ability of the Company to collect what had been assessed, an ability to the same degree denied to its predecessors.<sup>56</sup>

### *Revenue Collection Stepped Up*

It is, therefore, essential to consider the total land revenue collections, in order to see whether the fiscal pressure upon the revenuepayers increased or not. Unfortunately, territorial alternations make valueless certain statistics of revenue collections in the Ceded and Conquered Provinces. (or Agra Province). But a comparative statement for the provinces explicitly excluding Banaras, Ghazipur and Jaunpur (permanently settled) and all acquisitions made after 1806-7, puts the total land-revenue demand at Rs 2.10 crores in 1806-7, Rs 3.06 crores in 1819-20, and Rs 3.60 crores in 1829-30, which means an increase of over 70 per cent in 23 years.<sup>57</sup> A set of figures of actual revenue receipts shows that they rose in the Agra Province from Rs 4.96 crores in 1834-35 to Rs 5.60 crores in 1844-45, an increase of 15 per cent in ten years.<sup>58</sup> According to another set of figures given by a witness conscious of the effects of territorial changes, the land revenue of the same provinces amounted to £3.33 million in 1826-27 and £3.25 million in 1831-32. "When Mr Bird's settlement was completed, namely in 1846-47", the land revenue came to £3.55 million, signifying an increase of 10.8 per cent over the mean of the figures for 1826-27 and 1831-32.<sup>59</sup> These statistics suggest an overall increase of about 88 per cent in the land-revenue demand during the forty years following 1806-7. Were we able to consider the statistics for revenue collection for the same period, the increase would be still larger.

The prices during this period increased at the beginning, but became stable after 1818. The following average prices (Rs per maund) of wheat at Farrukhabad are taken from Brij Narain<sup>60</sup>

1801-10	0.91
1811-20	1.13
1821-30	1.21
1831-40	1.33
1841-50	1.03

The price data collected by Asiya Siddiqi for<sup>6.1</sup> the same region, for the period 1813 to 1840, also broadly discount any possibility of a large increase in prices after 1820: on the contrary, there appears to be a distinct tendency towards depression in wheat prices, and quite a noticeable decline in jowar and bajra. The behaviour of rice prices varied sharply from place to place. It is thus quite obvious that the increase in land revenue in the Ceded and Conquered Provinces was a substantial increase in *real* terms, by nearly as much as 70 per cent during the first half of the nineteenth century, at constant prices.

In Bombay, the land revenue assessments immediately after the annexation (1818) were pushed up to the maximum levels ever reached under the Peshwa's regime.<sup>6.2</sup> Pringle's assessments which followed in 1825 were acknowledged to have been devastatingly high<sup>6.3</sup>. These methods were supposed to have been moderated by the survey which commenced under Goldsmid and Wingate, in 1835. Yet the moderation did not affect the total collection. In 1837-38 the land revenue collection in Bombay Presidency stood at £1.86 million, a figure that had only once before been exceeded (in 1826-27).<sup>6.4</sup> In 1842, it touched £2 million.<sup>6.5</sup>

#### *Decline in Foodgrain Prices*

There was no justification for the maintenance of collections of this magnitude in the movements of prices in the Bombay Presidency. With the exception of some years, there was a continuous decline in the prices of jowar and bajra, the staple foodcrops of the region, from 1820 to 1832;<sup>6.6</sup> and a very great decline in the prices of foodcrops occurred during the 1840s, the low levels continuing until after 1855.<sup>6.7</sup>

In the Madras Presidency, settlements were carried out under Sir Thomas Munro during 1820-27. The old assessments had been very heavy, and the new were by no means moderate.<sup>6.8</sup> The total land revenue collections in the Madras Presidency amounted to £3.79 million in 1819-20 and to £3.43 million in 1837-38.<sup>6.9</sup> The collections during the next decade increased considerably.<sup>7.0</sup> But prices declined substantially over the whole period: the average annual price of common rice was Rs 1.47 per maund in 1819-13, Rs 1.53 in 1819-23, Rs 1.33 in 1828-32, and Rs 1.13 in 1841-53.<sup>7.1</sup> A set of index numbers of food prices compiled for the Madras Presidency show that with the prices during the decade 1801-02 as base, = 100, the average annual prices during the succeeding decades were 88.5 (1811-12 to 1820-21); 98.2 (1821-22 to 1830-31); 91.4 (1831-32 to 1840-41); and 69.0 (1841-21 to 1850-51).<sup>7.2</sup> Thus the total revenue collections in the Madras Presidency appear to have moved in a direction opposite to the movement of prices.<sup>7.3</sup>

The general picture, then, is that from about 1820 to 1850, the total revenue collections increased substantially in all the three major zones outside the permanently settled territories. Among these zones the highest increase undoubtedly occurred in the North-Western Provinces (Ceded & Conquered Provinces). The only factor which might relieve the pressure

on the agrarian economy exerted by real taxation on such scale, could be a substantial increase in population, causing a dramatic extension of cultivation and therefore decline in the incidence of land revenue per acre as well as per capita.

“All authorities (!) agree”, in the words of a cautious spokesman of the official British view on all matters, “that a great increase [in population] took place between the beginning of the 19th century and the first (but incomplete) census of 1872...”<sup>74</sup> It is, indeed, true that official or semi-official estimates suggest an increase of population from 134 millions in 1820 to about 255 millions in 1871.<sup>75</sup> But the wonderful thing about these figures is that they exhibit an almost stable population from 1820 to 1844—indicating, in fact, a decline from 134 millions to 131.8 millions. It is only after 1844 that a dramatic rise occurs, to 151.9 millions in 1852,<sup>76</sup> 180.9 millions in 1855 and 190.9 millions in 1865, before 255 millions are reached in 1871, a feat only possible at a rate of growth of 5 per cent per annum during the last six years. But as soon as the censuses properly begin, with 1871, there is a sudden fall to a rate of growth of just 0.39 per cent per annum for the next thirty years, the population in 1901 being only 281 millions.

### *Spurious Demographic Evidence*

Davis attempts to deal with this statistical “embarrassment of riches” for the period 1844 to 1871, yielding a rate of increase of about 3 per cent per annum (a demographic mostrosity), by suggesting that the increase is wrongly spaced in the contemporary estimates, and that the earlier estimates are right, but the middle ones are, inexplicably, gross underestimates. “The best policy seems to be...to assume that the population remained at this point (125 million) for one and a half centuries more (after 1600), after which a gradual enhancement of growth began, accelerating as 1870 approached”.<sup>77</sup> This is clearly not an attempt at interpreting the demographic evidence, but at subverting it altogether, in order to maintain one’s assumptions about the economic benefits of British rule.

The stability of the population between 1820 and 1850 is quite remarkably corroborated by such detailed districtwise estimates as we have. The population of the Madras Presidency, according to D Kumar’s figures, increased only from 13.48 millions in 1823 to 13.97 millions in 1839.<sup>78</sup> I worked on certain data available for various districts of eastern India and found a *total* increase in population of about 15 per cent between 1812 and 1852, giving a rate of annual increase of about 0.35 per cent at the compound rate.<sup>79</sup> In the case of both D Kumar’s tables and my own, a remarkable increase takes place during the two decades preceding 1871-72.<sup>80</sup>

While all this would be sufficient to rule out a fall in land revenue per capita during 1820-1844, there is the strong probability that the increase between 1844 and 1872 is also ephemeral. In U P (excluding

Oudh), there were fairly efficient censuses conducted in 1853 and 1865. Selecting 10 districts at random, I found a total increase of just 10 per cent during the 19 years between 1853 and 1872, yielding an annual rate of increase of about 0.5 per cent.<sup>81</sup>

What seems likely, therefore, is that the estimates and even some of the 'censuses' like the 1847 Census in the N W Provinces, before the 1871-72 Census, gave grossly low figures for the population,<sup>82</sup> by probably heavily under-enumerating the rural population. As such, the entire evidence becomes suspect. But such as it is, it certainly gives no ground for postulating any increase of population much beyond 15 per cent during the first half of the century, and 10 per cent during the next twenty years: The population of India was probably slightly less than 200 million in 1801 and about 230 million in 1851.<sup>83</sup>

### *Impoverishment of the Peasantry*

If, then, we consider the actual incidence of land revenue, it becomes clear that by 1850 the basic pillar of British colonialism was still the direct appropriation of the agricultural surplus; and that, unrelieved by any decline in per capita terms, this appropriation was pressing hard upon the producer just as Marx had visualized it.<sup>84</sup> It is obviously difficult to document the decline in material conditions of life of the peasantry. What one can say from portrayals of the diet of the rural classes of northern India, such as the one quoted by Crawford,<sup>85</sup> is that the ultimate in poverty had seemingly been reached.

The pressure upon the peasantry was seen by Marx as involving the destruction of the Indian village communities.<sup>86</sup> Marx had undoubtedly obtained a rather idealized picture of the village community from his reading of some of the official reports. A closer scrutiny suggests, as I have earlier indicated, that the village communities really concealed considerable stratification and the dominance of a body of upper peasants and small zamindars over a number of cultivators and the landless labourers.<sup>87</sup> As the British sought to maximize land revenue and had far greater power of control, they could disregard the village as a revenue-paying unit in a manner that had been impossible for the earlier regimes.<sup>88</sup> They could then press upon the upper elements that had so far been favoured with lower rates; and gradually the smaller *muqaddams* of the mahalwari system and the *mirasdars* of Bombay, the kingpins of the old communities, tended to be levelled with the lower strata of the peasantry.<sup>89</sup> On the other hand it is less easy to consider what happened to the agricultural labourers. In so far as they depended upon wages from the upper peasantry, its woes were naturally passed on to them in an intensified form. At the same time, the weakening of communal control probably enabled certain landless labourers of lower castes to set up as cultivators.<sup>90</sup> But there is little evidence that this was of more than marginal significance; and where, as in Malabar and Canara, agrestic bondage prevailed, the Act of 1843 had little actual effect in altering the condition of the bondsmen.<sup>91</sup> It is



possible that the population of landless labour increased by emigration of unemployed urban labour; but the evidence for this too has not yet been brought out.

A significant fact, quite often missed, is that up till the middle of the eighteenth century, outside the permanently settled regions of eastern India, the pressure upon the zamindars tended to be extremely heavy. The official statements regarding zamindars in the light of proprietors and even conceiving them as allies of British power, had little significance in the actual world of revenue collections. Their position was naturally worst in the mahalwari areas of northern India where the collections had been most relentless. It was officially acknowledged in 1882-83, with reference to the pre-Mutiny assessments that

the proportion of the rental left to the proprietors by the old assessments in the N W Provinces was much less than was absolutely necessary to provide for the support of themselves and their families, bad debts, expenses of management, and vicissitudes of season...It is only since the late revision that they have been left a sufficient margin to live at all and count with certainty on meeting their liabilities to the state.<sup>9 2</sup>

### *Zamindars in Trouble*

In one district (Aligarh) 50 per cent of the land changed hands between 1839 and 1858 and 'the moneylending and trading classes' enlarged their share of the landholding of the district, by means of purchases, from 3.4 in 1839 to 12.3 per cent in 1868.<sup>9 3</sup> In another district (Muzaffarnagar), a quarter of the land changed hands between 1841 and 1861, and the proportion of the land held by the 'non-agricultural classes' increased from 11 per cent of the total area in 1840 to 19.5 per cent in 1860.<sup>9 4</sup> These conditions remind one of what had happened to the Bengal zamindars immediately after the Permanent Settlement. The sale price of zamindari in private sales and mortgages in the Aligarh district during 1839-48 was but  $3\frac{1}{2}$  times the amount of land revenue.<sup>9 5</sup> The price relative to land revenue had certainly improved since before 1820s, when it was not even at par.<sup>9 6</sup> But this improvement was probably owing to the speculative factor introduced by the 30-year settlement: and the gulf that divided the zamindars of this region and the permanently settled areas is indicated by the fact already noted, that the price of zamindari was 15 times the annual land revenue in Banaras in 1837.

Yet immediately upon the annexation of Oudh in 1855, it was decided to extend to Oudh the selfsame system of the Agra Province, "which had brought unexampled prosperity to that region."<sup>9 7</sup> The Mutiny of 1857, which took place in precisely these two regions, must be regarded, in one of its principal aspects, as a peasant revolt led by the *zamindars*, against the main agrarian exploiter, the British regime.<sup>9 8</sup>

### III B

We have said that during the period, about 1800 to 1850, the

colonial objective changed from seizing Indian commodities to seizing the Indian market. The changed objective did not only make the East India Company's monopoly over Indian internal commerce and overseas trade obsolete, but positively required Free Trade. The Charter Acts of 1813 and 1833 largely accomplished this change.

The English exports of manufactures, textiles in the first place, not only practically wiped out the Indian exports of cotton goods, but also entered India to challenge Indian manufactures in their home market. The exports of cotton goods from the United Kingdom to India increased from 0.80 million yards in 1815 to 45.00 million yards in 1830, 51.78 million yards in 1835, and 100.05 million yards in 1839; and cotton twist from a mere 8 lbs in 1814 to 4.56 million lbs in 1828 and 10.81 million lbs in 1839.<sup>90</sup> The value of British cotton goods entering India was £2.29 million in 1839; that of cotton twist was £0.64 million.<sup>100</sup> In 1855 they reached the values, respectively, of £5.40 million and £1.27 million.<sup>101</sup> The exports of Indian cotton manufactures declined dramatically. During the decade 1794-95 to 1803-04, the East India Company's sale of Indian piecegoods amounted to £2.42 million annually;<sup>102</sup> in 1849 the value of cotton goods, twist and yarn exported from India was no more than £0.69 million.<sup>103</sup>

### *Lancashire Captures Indian Market*

The effects of these imports of English manufactures upon the largest craft industry of India have often been discussed. Crawford in 1837 disputed the complaint of adverse effects on Indian textile industry by claiming that the British cotton goods imported into India accounted for a mere 6 per cent of the total value of India's domestic textile production.<sup>104</sup> But inasmuch as the competition of British manufactures had also wiped out Indian textile exports of a value of well over £2. million, the total fall in the value of Indian production should have been about 11.5 per cent. Speaking in terms of quantities, the British manufactures seem to have annually furnished 1.2 yards of cloth per Indian family in 1835 and 2.3 yards in 1839.<sup>105</sup> Working back from the estimated Indian per capita consumption of 9.80 yards in 1900-01,<sup>106</sup> and assuming at least a 100 per cent increase in consumption between 1839 and 1900, in view of the relative fall in prices of cotton goods, one arrives at the maximum of 24.5 yards per family per year in 1839. This would mean that British manufactures were supplying as much as 9.4 per cent of the cloth annually consumed in India by 1839. Even if we adjust Ellison's estimate for 1856-60 to our inferences about the size of Indian population at that time, the proportion of Indian cloth consumption supplied by Britain would seem to have risen threefold to over 27 per cent by 1860.<sup>107</sup>

Morris has alleged that this vast influx of British cotton goods did not harm India's domestic industry because Indian demand for cloth was "fairly elastic", and there was an increase in cloth consumption arising from "changes in custom". He has also suggested that the import of yarn



strengthened the competitive position of the Indian weaver.<sup>108</sup> These arguments have been dealt with by Bipan Chandra<sup>109</sup> and Meghnad Desai;<sup>110</sup> and a few comments here should suffice. While it is true that the low prices of imported manufactures increased the total quantity of the cloth consumed, the further implied assertion that the total *value* of cloth consumed in India also increased substantially, at any rate by a higher percentage than that of the value of imported cloth to previous total consumption, is quite baseless. In the initial phase, with such extreme pressure for tribute, there could hardly have been much scope for demand to expand. On the supply side, Desai has shown that in order to maintain their position against competing British cloth, the Indian weavers, even after shifting to cheaper British yarn needed to increase their productivity by 43 per cent between 1818-21 and 1829-31, unless they accepted a corresponding diminution in their income or wages.<sup>111</sup> The fact that Indian weavers were being forced to shift to imported twist, in order to survive, is only an argument for the larger destruction of the Indian spinning industry, and hardly one for the prosperity of the Indian weaver. It would seem that initially the British cotton goods mainly hurt the weaving of the fine and medium varieties, and therefore affected the hitherto better situated urban weavers far more than the rural weavers producing coarse cloth for the poorer part of the population.<sup>112</sup>

### *Deindustrialization and Urban Decline*

Alongside the cotton goods, English exports to India of iron (bar and bolt as well as cast and wrought), together with hardware and cutlery, guns, glass, and 'machinery', had increased enormously by 1828.<sup>113</sup> They continued to grow during the following years and naturally caused a slump in the corresponding crafts in India.

There was thus ample cause for the 'de-industrialization' of India which marks the second phase of British rule. The urban decline, initiated by the diversion of the surplus from the Indian ruling classes to the Company, spread quite naturally wherever the East India Company's sovereignty extended. It was compounded many times over by the urban unemployment forced by the English manufactures. This urban decline seems not only to have been in relative terms (percentage of urban population to total), but in absolute terms as well. Taking the same districts of eastern India, whose populations I studied for 1812, 1852 and 1872, I found that the populations of eight major towns in those districts had declined from 923,344 around 1812 to 866,749 in 1872.<sup>114</sup> Since the towns included Calcutta, the capital of British India, whose population had increased by nearly 270,000 during the period, the overall decline is remarkable. The population of Patna fell from 312,000 in 1812 to 158,900 in 1872;<sup>115</sup> and there was no town in Bihar in 1872 which could even remotely be said to approach Patna in population, so that there was no question here of compensatory growth elsewhere. Examples of spectacular decline in populations of individual towns can be multiplied, for example

Dacca, Murshidabad, Lucknow (after annexation, 1855). Detailed regional studies would be necessary before the precise magnitude of the decline in urban population can be indicated; but of the process itself there can be no doubt.

### III C

The two-pronged assaults of imperialism, the extraction of tribute and the seizure of the markets of Indian manufactures, could not proceed independently. One reacted on the other.

The difficulty which the extraction of tribute placed in the way of Lancashire's capturing the Indian market was that by denying a large share in the agricultural surplus to classes that could buy the imported wares, it limited the scope of effective demand. An optimistic air with regard to the consequences of Free Trade had pervaded the parliamentary enquiries preceding the Charter Act of 1833. Free Trade and the curbing of the direct and indirect commercial activities of the Company would, it was hoped, unleash a massive and continuous expansion of British exports to India. But in practice, serious lags were encountered within the general process of expansion. Thus the total value of British cotton goods imported in 1849 (£ 2.22 million) proved to be less than the value imported in 1839 (2.29 million).<sup>116</sup> Partly, the reason lay in the undeveloped means of transport. But the main factor was that British products had to deal with a severely restricted market labouring under a huge direct economic burden.<sup>117</sup>

#### *Obstructions to Tribute Realization*

Conversely, the deindustrialization of India, as it proceeded, seriously affected the entire mechanism of the transfer of wealth from India to Britain, and raised serious obstructions to the realization of tribute.

Hitherto the realization of tribute from India had taken the form of export of Indian manufactures; and this, as Dundas proclaimed in 1799, was the best thing for everyone. Britain obtained "wealth and capital", and India "prosperity, industry, population and revenue."<sup>118</sup> But as "a severe check" was put to these exports by the competition of British manufactures themselves, the happy days of mutual convenience were over. Theoretically, India, losing the markets for manufactures, could have diverted its raw cotton to the English factories. But this proved impracticable, for Indian cotton was too short-stapled for the English factories which came to be supplied mainly from America. A short-lived demand from England after 1815 soon ceased; and only limited quantities could be sent to China.<sup>119</sup> The other articles were indigo and silk. As English cloth production expanded, the demand for indigo grew correspondingly. The European agency houses in Bengal flourished on the indigo trade, after the Charter Act of 1813 had brought in the private English merchants. But West Indian competition destroyed the hopes of

continuous expansion of indigo exports; and this brought about the crash of 1832-33, consuming the principal agency houses.<sup>120</sup> Raw silk, as raw material for English silk-weaving factories, could not similarly compete with Chinese and Italian silk; and its exports remained limited.

By 1830, therefore, the 'realization' problem had become quite acute. It was about this time that the solution was found in opium. During 1816-17 only 3,210 chests of Indian opium had been exported to China; in 1830-31, no less than 18,760 chests; and the value rose from \$ 3.66 to \$ 12.90 million.<sup>121</sup> Opium advanced to the position of the premier article of export of India, exceeding £ 5.7 million in value in 1849 and £ 9.1 million in 1858, easily dwarfing the other items of export, and accounting for nearly a third of the total value of Indian exports.<sup>122</sup> Under this impetus, the cultivation of poppy during the twenty years preceding 1837 is said to have multiplied fourfold.<sup>123</sup> Opium had this merit, that it had hardly any bulk and could be transported from the most distant places inland without the need of roads or railways. Here was 'commercialization' of agriculture without any investment worth the name; and Crawford could only regret that the Company's monopoly should restrict the free expansion of its cultivation and thus sacrifice "a great national advantage."<sup>124</sup>

### *Indian Opium to China*

The "national advantage" (of Britain, of course) lay in the export of this vast quantity of opium to China. The prospects of this commerce seemed limitless as one contemplated the progressive conversion of larger and larger strata of the Chinese people to the newly introduced wonders of the poppy world.<sup>125</sup> The beauty of the arrangement was that China would in return furnish tea and silk; and thus the tribute would be realized in an enlarged form. In 1855, England consumed tea and silk of China to the value of £ 8.5 million, while exporting a mere £ 1 million worth of goods to that country.<sup>126</sup> The balance was sheer gain obtained through Indian exports of opium, which in 1855 amounted to £ 6.23 million.<sup>127</sup>

The results of this triangular relationship appear from the trade statistics. Following are the figures for the British imports from, and exports to, Asia (excepting Turkey and the Middle East)<sup>128</sup> These figures thus show a continuous annual net inflow of imports of 11 to 17 million without any return payment.

Year	Imports	Exports	Re-exports	(in £ 000,000)
				Excess of Imports over Exports
1854	23.0	12.0	0.6	11.0
1855	24.3	13.1	0.5	11.2
1856	29.8	15.4	0.6	14.4
1857	33.8	16.8	0.7	17.0

This indicates the magnitude of the tribute; and tribute was what the Opium Wars of 1840-42 and 1856-58 were about. Any refusal of the Chinese people to consume opium would bring down the entire fabric of tribute-realization that had been built up. This the most powerful-ever Mafia in the world could hardly be expected for a moment to tolerate.<sup>129</sup>

The consequences of the imperialism of the first half of the nineteenth century were that irreconcilable contradictions existed between the imperialist power on the one hand, and the Indian peasantry and artisans on the other; and further that in the relations between imperialism and the zamindars (not yet landlords in any true sense), contradictions held primacy, and accommodation was secondary. Another characteristic of this stage was that the dominance over China had become indispensable for the economic exploitation of India.

#### IV

About the middle of the nineteenth century, a new stage set in for English capitalism. Capital investment at home reached saturation point with the complete victory of machine industry in every branch of production and the construction of the basic network of railways, the greatest absorbent of capital so far known. Once this point had passed, the export of capital began in earnest. British 'net foreign investment' was already equal in size to 42 per cent of the net domestic capital formation in fixed assets during 1860-69; it went up to 48.5 per cent during 1870-79; and 80 per cent during 1880-89. After a trough during the next decade and a half, it reached 114 per cent during 1905-14.<sup>130</sup> British capitalism gradually transformed itself into Monopoly Capitalism; and faced by competition from other rising industrial giants, notably Germany and the USA, the international supremacy of British imperialism gave place to a protectionist colonialism, particularly after 1870.<sup>131</sup> These developments characterize the third, and the fullblown phase of British imperialism.

#### *Capital in Reverse Flow*

The major new characteristics of this stage were the export of capital and the intensified race for markets. In the case of India, the two aspects were closely interrelated. The capital exported was pre-eminently for railway construction; and the railways enabled Britain to carry her conquest of the Indian market to its maximum extent.

By 31 March 1872 British capital invested in Indian railways at a guaranteed rate of interest (5 per cent per annum) had risen to £ 94.73 million.<sup>132</sup> In the meantime, the British Indian government also borrowed in London to lay out 'state railways', and so the 'Indian' debt in England mounted from £ 15.09 million in 1858-59 to £ 55.40 million in 1876-77, an increase of £ 40 million,<sup>133</sup> "From 1857 to 1865 the major movement of British capital was to India."<sup>134</sup>

While the extraction of tribute continued on the old basis (in 1872 the excess of the value of British imports from Asia over exports thereto

amounted to £ 17.7 million),<sup>185</sup> here was a partial reversal of the flow of wealth that had so long gone in one direction only. The reversal was, of course, only superficial: The principal and returns on this capital belonged to Britain, and not India, and would only swell, in time, the size of the Indian tribute.<sup>186</sup>

By 1871 the railway mileage in India exceeded 5000 miles; and the main trunk lines to the inland regions had been laid. The mileage approached 10,000 in 1881; and then another spurt in construction took it to 19,555 by 1895. India, perhaps the poorest country in the world, now rivalled the richest in railway mileage. But while in western Europe and America, the railways served as the catalyst of the Industrial Revolution, in India they served as the catalyst of complete colonialization.

The influx of imports from Britain that came on the heels of the railways can be described by citing a few data from trade statistics. The import of cotton manufactures doubled between 1859 and 1877; and rose by nearly half as much again between 1878 and 1887. Imports of silk goods, less than one-fifth in value compared to cotton goods in 1859, rose by about four times between 1859 and 1877, and by 50 per cent again between 1878 and 1887.<sup>187</sup> Import of wool manufactures similarly increased. The heavier products of British industry, such as metal manufactures (hardware, cutlery, etc.) and machinery and tools now began to be imported in large quantities.

### *Conquest by Rail*

The railways thus helped Britain to retain India still more securely as one of her principal markets. Britain's exports to India accounted for 9.15 per cent of her total exports during the period 1846-55. The proportion was 12.6 per cent in 1876-85.<sup>188</sup> India's role in sustaining Lancashire's exports was still more significant. In 1849 British export of cloth and yarn to India amounted to 11.7 per cent of total British exports of these items. By 1875 the proportion had risen to 27 per cent.<sup>189</sup> In so far as capital invested in railways helped to subjugate the Indian market for British industry, it inhibited the export of capital for investment in other sectors. The tariffs were so manipulated as to make India an utterly unprotected economy;<sup>140</sup> and apart from plantations and the jute industry no other branch of the economy could attract British capital with any expectation of high returns.<sup>141</sup>

The old craft industries could not but have suffered greatly from this onslaught of imports. In 1872 the quantity of cloth imported into India crossed the figure of 1000 million yards; in 1887, of 2000 million yards.<sup>142</sup> In 1900-01, the total Indian production (mill and handloom) barely exceeded 1000 million yards.<sup>143</sup> Ellison estimated that in 1880-81 Britain supplied as much as 58.4 per cent of the total consumption of cloth in India.<sup>144</sup> By 1887 the proportion must have gone up to much above 66.6 per cent. It is quite likely that by the 1880s the process of deindustrialization had been more or less completed. As Thorner puts it, "the

scope which remained for any subsequent 'de-industrialization' was decidedly limited".<sup>145</sup> But even his rearranged figures from the censuses show a decline in employment in manufacturing, mining, construction and trade, from 18 per cent in 1881 to 16 in 1901.<sup>146</sup>

The railways did not simply assist imports by transporting them cheaply. Their ability to furnish exports in return was at the root of the expansion of imports. The entire composition of Indian exports changed as bulk no longer remained a barrier to transport. In 1871 opium was still the principal item, but foodgrains, and raw cotton each closely approached it in total value, and oilseeds were not very far behind. In 1901, foodgrains, raw cotton, jute, and hides and skins had raced ahead of opium, while oilseeds and tea were practically at par with opium in value, though the decline in the value of opium had been less than 25 per cent. The total value of exports had risen between 1878 and 1901 from 67.43 crores to 121.95 crores.<sup>147</sup> There was thus a real shift in Indian agriculture to production of raw materials for England, a shift in relative acreage from foodgrains to non-food crops; <sup>148</sup> and, of course, an enlargement within the acreage under foodgrains of the portion devoted to crops for export.

### *Commercialization of Agriculture*

This vast change in Indian agriculture (sometimes called 'commercialization') had a polarizing effect on the rural population. As the quantity of food available for the home market declined—and it declined as fast as the railway network extended—famines repeatedly ensued. It had been the expectation of the proponents of the railways that these would help to banish famines, by bringing in supplies. But the very opposite took place: the supplies went out! This is not the place to chronicle the famines, <sup>149</sup> which has in any case been done often. Suffice it to say that they steadily increased in frequency and scale, culminating in the great famines of 1896-97 and 1899-1900, when millions perished.<sup>150</sup> Moreover, the real wages of agricultural labourers exhibit absolutely no increase over the entire period 1873-1900.<sup>151</sup>

While the conditions of the poorer peasantry and rural proletariat became more and more critical, the extending production of commercial crops laid the basis for extensive landlord and rich-peasant agriculture. In 1891 the smaller proprietors cultivated 54 per cent of the cultivated area of the Punjab; in 1900, only 45 per cent<sup>152</sup>. Writing in 1903, R C Dutt was led to exclaim, "every true Indian hopes that the small cultivation of India will not be replaced by landlordism..."<sup>153</sup>

There was an increase, conversely, in the numbers of the landless labourers. Surendra J Patel has set out the census evidence on this.<sup>154</sup> The evidence is certainly not foolproof: it is as difficult to accept a decline in the relative number of agricultural labourers between 1871-72 and 1891, as it is to accept a doubling of it between 1891 and 1901. But the general trend towards increase is unmistakable. D Kumar in her



study of south India finds that the proportion of agricultural labourers to the total agricultural population increased from 15 or 17 per cent to 27 or 29 per cent during the course of the nineteenth century.<sup>155</sup> The fact that there was probably no important shift of population from the non-agricultural to the agricultural sector between 1881 and 1931<sup>156</sup> does not affect our conclusion at all, because we are postulating a swelling of the ranks of the rural proletariat by influx mainly from the pauperized strata of the peasantry, rather than from unemployed artisans. This situation furnished the setting in which a new basis was laid for the relationship between imperialism and the zamindars.

The abolition of the Company's rule in 1858 was brought about by an alliance of British industrial interests, ever more dominant in Parliament since the Reform Act of 1832. Direct government of India would give both Lancashire and the railway interests a much greater authority over what concerned them in India. Under the new regime the emphasis shifted from the levy of direct tribute through land revenue to the exploitation of India as a market and as a source of raw materials.<sup>157</sup> This change had an immediate impact on the policy of British imperialism towards the zamindars.

### *Zamindars to Landlords*

After the Mutiny, Thornhill, a local officer, urged the government to "throw itself on (the side of) the larger proprietors and repress the peasantry."<sup>158</sup> He was correctly anticipating, or interpreting, the new policy of imperialism. In part this policy was forced upon it by the Mutiny itself, which had shown how dangerous it was to be left without faithful allies. It therefore needed to be proclaimed by the Queen in 1858 that: "We know, and respect the feelings of attachment with which the natives of India regard the land inherited from their ancestors, and we desire to protect them in all rights connected therewith, subject to the equitable demands of the state." But the new policy could not have been put into effect had the same dependence of imperialism upon land revenue continued.

There was another factor, too, that greatly helped its implementation. This was a general rise in prices during the second half of the nineteenth century.<sup>159</sup> Official price indices cover the period from 1861; but other sources enable us to trace earlier price movements. In the table given on the next page, the figures in columns A and B are calculated from tables in Brij Narain,<sup>160</sup> in column C from Dharma Kumar,<sup>161</sup> and in column D from official statistics as presented by M Mukerji.<sup>162</sup> It is clear that foodgrain prices rose about three times between 1850 and 1900.

The increase in prices naturally led to enhancements in rents while the land revenue due to be paid by the zamindars remained stationary for the whole period of the Settlements. Even when new settlements were undertaken, the increase in the assessments in UP was on a very limited

AVERAGE ANNUAL PRICES

Decade	A Coarse Rice: Bengal Rs. per md.	B Wheat: Farrukhabad Rs. per md.	C Common Rice: Madras Rs. per md.	D General Prices: India 1949-50=100
1841-50	1.35	1.03	1.13*	..
1851-60	1.62	1.43	..	..
1861-70	2.23	2.22	3.12	15.84
1871-80	2.83	2.11	3.30	16.22
1881-90	2.67	2.67	3.41	15.73
1891-1900	3.65	3.33	4.60	19.18

\* Average annual price for 1841-53.

scale, being set far below what would have been justified by the ascent in prices. But in the Bombay Presidency, where it was the peasants mainly, and not zamindars and taluqdars, who paid the revenue, the new settlements in the 1870s were so high as to lead to agrarian disturbances.<sup>163</sup> This was yet another application of the Thornhill principle.

The result of increasing rents and a relatively stationary revenue demand was that the zamindars' share of the 'rental' as compared with the land revenue expanded considerably. The Saharanpur Rule of 50 per cent share of the proprietor now set the minimum rather than the normal or maximum standard. This was the basis of the formal conversion of the zamindar into the modern Indian landlord. The long series of tenancy acts, beginning with the Bengal Rent Act of 1859, merely extended recognition to his new position, and to the subsidence of the bulk of the Indian peasantry into mere tenantry-at-will.

### *New Classes*

The role of usury during this entire process was of considerable significance. Usury had strong roots in the preceding Indian agrarian economy.<sup>164</sup> It now greatly facilitated the subversion of small peasant cultivation and the growth of landlord and rich-peasant agriculture. At the same time, usury was also a parasitical growth feeding upon this very process. The moneylender stood forth as a claimant to a large share of the rural surplus, sometimes even rivalling the landlord. It often suited the British administration to proclaim 'rural indebtedness' as the source of all evil that befell the peasant.<sup>165</sup> But the phenomenal growth of usury was an inseparable aspect of the transformation of the Indian agrarian economy brought about by colonialism itself. To sum up, it was during the second half of the nineteenth century that the modern Indian landlord was created and an alliance formed simultaneously between him and imperialism.

Yet such were the factors inherent in this very phase of imperialism



that it also gave birth to two new classes in Indian society, the bourgeoisie and the industrial proletariat. This was a prospect that Marx had seen when contemplating the projected construction of railways in India.<sup>168</sup> The connection between the changes that Britain wrought in India and the rise of the Indian bourgeoisie has already been so well analysed by R P Dutt, for example, that even the briefest description would be useless repetition. Here at last was the one great “regenerating” effect of colonialism which had so far only pitilessly attacked and shattered a vast, civilized society.

The irreconcilable contradictions that emerged between imperialism and its junior ally, the landlords, on the one hand, and the bulk of the Indian people, including the bourgeoisie, the working class and the peasantry, on the other, laid the seeds of the struggle for national liberation. The whole epoch that followed, spanning the first half of this century and ending with the withdrawal of British imperialism and the parting of the ways of the Indian bourgeoisie and the proletariat, constituted the fourth and final stage of colonialism in India. But it would undoubtedly need a revolution in India before the vestiges and survivals of colonialization are altogether removed.

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- <sup>1</sup> Marx's writings on India are conveniently collected together in Marx, *Articles on India*, Second Indian edition, Bombay 1951 (containing an introduction by R P Dutt); and also in K Marx and F Engels, *On Colonialism*, Foreign Languages Publishing House, Moscow. R P Dutt's own *India Today* contains an indispensable elaboration of Marx's views on India.
- <sup>2</sup> *The Economic History of India under Early British Rule*, first published 1901; and *The Economic History of India in the Victorian Age*, first published 1903.
- <sup>3</sup> M D Morris's original paper, “Towards a Re-interpretation of the 19th Century Indian Economic History”, published together with its critiques by T Matsui, Bipan Chandra and T Raychaudhuri in *Indian Economic and Social History Review (IESHR)*, V No 1; Morris's rejoinder in *IESHR*, V No 4.
- <sup>4</sup> “Distribution of Landed Property in Pre-British India” *Enquiry*, New Series, II, No 3 (1965), pp 21-75; ‘Potentialities of Capitalistic Development in the Economy of Mughal India’, *Enquiry*, N S III, No 3, pp 1-56.
- <sup>5</sup> Holt Mackenzie spoke in his famous minute of July 1, 1819, of “the property (vested in government by immemorial usage) of 10/11 of the net rental of the country.” (*Selections from the Revenue Records of the North-West Provinces, 1818-20*, Calcutta 1869, p 62).
- <sup>6</sup> One attempt to do so is made in my paper in *Enquiry*, II, No 3, *op. cit.*
- <sup>7</sup> *Enquiry* N S III, No 3, pp 22 ff.
- <sup>8</sup> See Irfan Habib, *Agrarian System of Mughal India*, Bombay 1963, pp 136-89.
- <sup>9</sup> *Ibid.*, 236-40. “In general, throughout Bengal, the rents are paid by the ryots in money” (Sir John Shore, Minute of 18 June 1789, para 226, *The Fifth Report*, Firminger (Ed.) II, Calcutta, 1917, p 54.
- <sup>10</sup> *Agrarian System*, *op. cit.* pp 157-59.
- <sup>11</sup> Cf. Satish Chandra, “Some Aspects of Indian Village Society in Northern India during the 18th Century”, *Indian Historical Review*, I, 1, pp 51-64. See also Choksey's

description of the various strata within the village community (*Economic History of the Bombay Deccan and Karnatak (1818-1861)*, Poona 1945, p 63).

- <sup>12</sup> *Agrarian System, op. cit.*, pp 122-36, 230-36.
- <sup>13</sup> *Articles on India*, pp 26-28; *On Colonialism*, pp 35-36; & *Capital I*, Dona Torr (Ed.) pp 350-52.
- <sup>14</sup> *Agrarian System*, pp 121-22. Cf. D Kumar in *Comparative Studies in Society and History* IV, iii, pp 337-63; also her *Land and Caste in South India*, Cambridge 1965, pp 29ff.
- <sup>15</sup> P Deane and W A Cole, *British Economic Growth, 1688-1959*, Cambridge, 1962, table on p 87. The figures for 1750-51 are of English imports and exports only.
- <sup>16</sup> This distinction does not strike many writers on English 18th century colonialism, who tend to speak as if the colonial conquests at that time were also the consequence of a struggle for markets. See for example, E J Hobsbawm, *Industry and Empire*, Pelican Economic History of Britain, Vol III, 1969, p 54: "We defeated them in the East... And we did so for the benefit of *British goods*." (Italics in the original). But see Engels, Letter to Conrad Schmidt, 1890," extract in Marx, *Articles on India*, p 97.
- <sup>17</sup> Shore, Minute of 18 June 1789, para 68, *Fifth Report*, Firminger (Ed.) II, 18.
- <sup>18</sup> R C Dutt, *Economic History of India under Early British Rule*, (6th London edn.) pp 46, 69. Figures reconverted from sterling at £ 1 = Rs 10.
- <sup>19</sup> W Hunter, *The Annals of Rural Bengal*, 1897, p 39.
- <sup>20</sup> "Historical and Comparative Analysis of the Finances of Bengal" April, 1786, in *Fifth Reports*, II, pp 159-477. Grant sums up his views on pp 159-60, when he says that there was a "defalcation" of half a crore of rupees yearly in the Northern Circars, and two crores in Bengal, i. e. the Company could raise its collections further by these sums. See also his table on p 476. Cf. also Grant's *Political Survey of the Northern Circars, 1784-1786*, *Fifth Report*, Firminger (Ed.) III, pp 1-118.
- <sup>21</sup> Cornwallis sounds the alarm upon "the consequences of the heavy drain of wealth" being severely felt and "the langour which has thereby been thrown upon the cultivation and commerce of the country" and declares that unless its "inhabitants" (read, zamindars) were given "some prospects of private advantage to themselves", they could not be expected to exert themselves. This was necessary to enable Bengal "to continue to be a solid support to British interests", i. e. to continue to furnish tribute (Cornwallis, Minute of 3 February 1790, *Fifth Report*, II, p 542).
- <sup>22</sup> Ranajit Guha, *A Regime of Property for Bengal*, Paris.
- <sup>23</sup> Shore, Minute of 18 June 1789, *Fifth Report*, II, pp 27-29.
- <sup>24</sup> N K Sinha, *Economic History of Bengal*, II, Calcutta 1962, pp 177-78.
- <sup>25</sup> Brij Narain, *Indian Economic Life, Past and Present*.
- <sup>26</sup> N K Sinha, *Economic History of Bengal*, II, pp 177, 223. For the entry of merchants and bankers into the ranks of zamindars in the Banaras region, another permanently settled area, see B Cohn, *In Land Control and Social Structure in Indian History*, R E Frykenburg (Ed.), pp 80-84. This does not of course, mean that all or even most of the new zamindars (the auction-purchasers and other buyers) were bankers and merchants (Cf. Ratna Ray, *IESHR*, XI, I, pp 1-2).
- <sup>27</sup> N K Sinha, *op. cit.*, p 223: "Cornwallis succeeded in diverting native capital to land."
- <sup>28</sup> James Grant, in *Fifth Report*, II, p 231.
- <sup>29</sup> H Furber, *John Company at Work*, Cambridge, Mass., 1951, pp 112-16.
- <sup>30</sup> Deane & Cole, *British Economic Growth*, table on p 87.
- <sup>31</sup> See table in B R Mitchell and P Deane, *Abstract of British Historical Statistics*, p 311.
- <sup>32</sup> *Ibid.*
- <sup>33</sup> On the nature of official valuation, see Deane & Cole, *op. cit.*, pp 42-43, 315-17. When converted into real prices, the total value of British imports in 1797-98 rises from £244 million to 43.1 million (*ibid.*, table on p 44).
- <sup>34</sup> *Ibid.*, pp 44-45.
- <sup>35</sup> Grant in *Fifth Report*, II, p 276. He put the agricultural produce of Bengal alone at Rs 21 crores annually.

- <sup>86</sup> Shore, *Fifth Report*, II, p 27, estimated it at 8.51 crores.
- <sup>87</sup> Based on Grant's table, *Fifth Report*, II, p 476.
- <sup>88</sup> *Fifth Report*, II, p 276.
- <sup>89</sup> *Siyar-ul-Mulakhirin*, Nawal Kishore (Ed.), II, pp 836-37, 840-41.
- <sup>40</sup> J B Tavernier, *Travels in India, 1640-67*, translated by Ball, 2nd edn. revised by W Crooke, London, 1925, II, p 2. Of the silk, a third remained in Bengal, a third sent to other parts of India and the Middle East, and a third sent to Europe through the Dutch.
- <sup>41</sup> *Ibid.*
- <sup>42</sup> Grant in *Fifth Report*, II, p 276.
- <sup>43</sup> Deane & Cole, *op.cit.*, pp 161, 166, 281-2. The National Income estimate for 1891 is really an estimate of National Product and is also described as such by Deane & Cole
- <sup>44</sup> *Ibid.*, p 263. Cf. also F Crouzet (Ed.), *Capital Formation in the Industrial Revolution*, London 1972, p 15 & n.
- <sup>45</sup> Cf. Deane & Cole, pp 34-35, who offer extremely inconclusive remarks on the whole question.
- <sup>46</sup> Deane and Cole, pp 263-64; Crouzet, *op.cit.*, p 15 & n.
- <sup>47</sup> Kuznets, cited in Crouzet, p 15 n.
- <sup>48</sup> Deane and Cole, pp 185, 187.
- <sup>49</sup> Cornwallis, Minute of 3 February 1790, *Fifth Report*, II, p 541.
- <sup>50</sup> Thomas Munro's Report, 15 August 1807, in *Fifth Report*, III, pp 501-2.
- <sup>51</sup> The outstanding study of the utilitarian views in respect of Indian land revenue and agrarian economy is by Eric Stokes, *The English Utilitarians and India*, Oxford 1959, pp 81-139.
- <sup>52</sup> I rely upon Brij Narain's series of prices of coarse rice in Bengal. The average annual price during 1800-1899 was Rs 1.05 per md.; 1810-19, Rs 1.22; during 1820-29, Rs 1.66; and during 1830-39, Rs 1.43. This trend was not confined to Bengal or to rice. The price of wheat at Farrukhabad (UP) was on an average Rs 0.91 per md. during 1801-10, and Rs 1.13 during 1811-20, Rs 1.21 during 1821-30, and Rs 1.33 during 1831-40 (Brij Narain, *Indian Economic Life, Past and Present*, Lahore 1929, pp 113-114).
- <sup>58</sup> Out of the 'farmers' rent' of Rs 11.75 lacs collected in the Court of Ward estates throughout Bengal, govt. revenue accounted for 5.74 lacs; the remainder, Rs 6.01 lacs, formed the 'Zamindar's Profit'. Statement furnished by Holt-Mackenzie, *Parliamentary Papers, 1831-32, Colonies: East India*, 9, Irish University Press, p 255.
- <sup>54</sup> B. Cohn in *Land Control and Social Structure in Indian History*, R E Frykenburg (Ed.), Madison 1969, p 112.
- <sup>55</sup> E Stokes, *English Utilitarians and India*, *op.cit.*, p 134.
- <sup>56</sup> In 1838-39, the amount assessed in the North-Western Provinces (old Ceded & Conquered Provinces) was Rs 4.6 crores, the collection Rs 3.6 crores. In 1847-48, the respective figures were Rs 4.3 & 4.2 crores. (R C Dutt, *Economic History of India in the Victorian Age*, London 1950, p 46. The figures have been reconverted at £1=Rs 10).
- <sup>57</sup> *Parliamentary Papers, 1831-32, Colonies: East India*, 9, IUP Appendix, pp 4-5.
- <sup>58</sup> *Parliamentary Papers, 1852, Colonies: East India*, 12, IUP pp 481-2. Figures for subsequent years are not comparable because of the addition of Cis-and Trans-Sutlej Territories in 1846-47.
- <sup>59</sup> *Parliamentary Papers, 1871, Colonies: East India*, 19, IUP, p 84.
- <sup>60</sup> *Indian Economic Life, Past and Present*, pp 113-14.
- <sup>61</sup> A Siddiqi, *Agrarian Change in a North Indian State*, Oxford 1973, pp 187-94.
- <sup>62</sup> R D Choksey, *Economic History of the Bombay Deccan and Karnatak (1818-1868)*, Poona, 1945, pp 24-25. The land-revenue collection, Rs 0.69 crores in 1817-18 was pushed up to Rs 1.82 crores by 1820-21. (R C Dutt, *Economic History of India in the Victorian Age*, p 65).
- <sup>68</sup> Its results were thus described by the Administrative Report of the Bombay Presidency (1872): "Numbers abandoned their homes and fled into the neighbouring

states. Large tracts of land were thrown out of cultivation; and in some districts no more than a third of the cultivable area remained in occupation." (Quoted, Choksey *op. cit.*, p 92 n).

- <sup>64</sup> R C Dutt, *Economic History of India under Early British Rule*, pp 403-5.
  - <sup>65</sup> *Parliamentary Papers, 1871, Colonies : East India*, 19, IUP, p 8.
  - <sup>66</sup> Choksey, *op.cit.*, pp 93-94.
  - <sup>67</sup> Statement of Prices at Bombay, Poona, Belgaum and Ahmedabad (1824-1863) for wheat, jowar, rice, ghi and firewood, in *Parliamentary Papers, 1871, Colonies: East India*, 19, IUP, pp 617-18.
  - <sup>68</sup> The conclusions Nilmani Mukherjee arrives at, after a detailed study of the economic consequences of the ryotwari arrangements during the period 1792-1827, are: "The high assessments caused great suffering to the ryots, There was a marked shrinkage in the volume of agricultural output." (*Ryotwari System in Madras, 1792-1827*, Calcutta 1902, p 313).
  - <sup>69</sup> R C Dutt, *op. cit.*, pp 403-5.
  - <sup>70</sup> D Kumar, *Land and Caste in South India*, Cambridge 1965, p 114, says the annual average collection of land revenue during the first ten years of the 19th century was Rs 384 lakhs, and in the decade ending 1849-50, Rs 395 lakhs (the decimal points placed in these figures in Kumar are obvious misprints). The figures for the last decade represented full recovery from a decline that had occurred during the preceding two decades. Rs 10 were then worth £ 1.
- The acquisition of the small principality of Karnul in 1842 could not have had a more than marginal effect on the total revenue collections of the entire Presidency.
- <sup>71</sup> Kumar, *op.cit.*, p 91.
  - <sup>72</sup> A Sarada Raju's table & index (unweighted) in her *Economic Conditions in the Madras Presidency, 1801-50*, Madras 1941, pp 228-29. The averages for decades have been calculated by me from her index. Cf. D Kumar, *op.cit.*, p 84: From the table of Index Numbers of Food Prices reproduced by her, it can be seen that the average price for the years 1841-42 to 1850-51 was only 66.5, when the 1616-25 prices are taken as base, = 100.
  - <sup>73</sup> Other evidence for the heavy incidence of land revenue in the Madras Presidency during the first half of the 19th century is furnished in A Sarada Raju, *op.cit.*, pp 49-52.
  - <sup>74</sup> V Anstey, *The Economic Development of India*, London 1957, p 38. The first edition of her work appeared in 1929.
  - <sup>75</sup> D & B Bhattacharya, *Census of India, 1961 : Report on the Population Estimates of India*. See also Kingsley Davis, *Population of India and Pakistan*, Princeton 1951, p 25. Davis's figure for 1800 in his table of contemporary estimates is really his own, having practically nothing to do with the figure given by the source from which it is ostensibly abstracted.
  - <sup>76</sup> *British Parliamentary Papers, 1852, Colonies : East India* 12, IUP, pp 334-39. The other figures are abstracted from D & B Bhattacharya, *op.cit.*
  - <sup>77</sup> K Davis, *op.cit.*, p 26. The figure for 1600 is Davis's own revision of Moreland's estimate (itself weakly based) of 100 million. The latest estimate for 1600 is 144 million. (Shireen Moosvi in *IJESHR X* 2, pp 180-95).
  - <sup>78</sup> D Kumar, *op.cit.*, 120-121.
  - <sup>79</sup> Note on Indian Population, 1800-1872 (unpublished) presented at the seminar on the Colonization of the Indian Economy, Aligarh, 1972, table I.
  - <sup>80</sup> The year after 1839 for which Kumar offers figures is 1851-52, with population at 22.01 millions, growing to 31.60 millions in 1871. My table showed a similar increase from a population of 19.60 millions c. 1852, to 31.14 millions in 1872.
  - <sup>81</sup> See my Note, *op.cit.*, table II.
  - <sup>82</sup> When the 1868 Census of Oudh (part of the 1871-72 Census) returned a population of 11.22 million, the confession was made that "we (had) always underestimated it, and nobody imagined that the population was so dense till there was a regular census

taken." (*Parliamentary Papers, 1871, Colonies : East India, 19, IUP p 98*).

- <sup>83</sup> This fits in with M Mukerji's revision of the official population figure for 1856 to 227 million, by multiplying the original figure by 1.256, the factor implied in Davis's revision of the 1871 Census, on account of underestimation and incomplete geographical coverage (M Mukerji in *Economic History of India, 1857-1950*, V B Singh, (Ed.) Bombay 1965, pp 667-8). It is not clear, however, whether the 1856 estimate had overlooked the areas excluded by the 1871 Census.
- <sup>84</sup> Rent, says Marx, "may assume dimensions which seriously imperil reproduction of the conditions of labour, the means of production themselves, rendering the expansion of production more or less impossible and reducing the direct producers to the physical minimum of the means of subsistence. This is particularly the case when this form is met with and exploited by a conquering commercial nation, e.g. the English in India." *Capital III*, Moscow, 1959, pp 776-7). See also Marx's article of July 19, 1853, reprinted in *On Colonialism*, pp 72-75.
- <sup>85</sup> John Crawford, in *The Economic Development of India under the East India Company, 1814-58*, R N Chaudhuri (Ed), Cambridge 1971, p 234. The description is of the year 1826. Speaking of "the food of the lower classes in the villages" of Hindustan, the observer says, "their earnings rising only from 4s. to 6s. (Rs 2 to 3) per mensem, forces a recourse to the vilest food. The more scrupulous castes are obliged to mix with coarse grains above mentioned wild roots, herbs and insects; while the outcastes as the numerous race of Chumars, Kanjars, Dusads, etc., scruple not to eat vermin, dead fish, carrion, etc."
- <sup>86</sup> *Articles on India*, p 21; *On Colonialism*, p 36.
- <sup>87</sup> See Section I of this article.
- <sup>88</sup> Cf. *Agrarian System of Mughal India*, pp 230-36.
- <sup>89</sup> For the *mahakwari* areas, see A Siddiqi, 108-9. For the opposite view, see Sulekh C Gupta in *Contributions to Indian Economic History I*, T Raychaudhuri (Ed.) Calcutta 1960, pp 21-45: This is not the place to discuss his arguments; but it seems to me, he gives inadequate attention to the realities of the revenue pressure, and the actual behaviour of prices in suggesting that the intermediaries and the upper strata strengthened themselves during this period. For the fate of the *mirasdars*, see Choksey, *op.cit.*, pp 115 ff.
- <sup>90</sup> Cf. A Siddiqi, *Agrarian Change in a North Indian State*, pp 112-13; Nilmani Mukherjee, *The Ryotwari System in Madras, 1792-1827*, pp 295-96.
- <sup>91</sup> D Kumar, *op.cit.*, pp 74-76.
- <sup>92</sup> Administration Report of N W Provinces, 1882-83, quoted in E Stokes, *English Utilitarians and India*, p 133.
- <sup>93</sup> E Stokes in *Elites in South Asia*, E Leach and S N Mukerjee (Eds.), Cambridge 1970, p 20.
- <sup>94</sup> E T Atkinson, *Statistical &c., Account of the North-Western Provinces of India, III Meerut Division*, part ii. Allahabad, 1876, p 552.
- <sup>95</sup> *Idid.*, II, Meerut Division, part i, Allahabad 1875, p 469.
- <sup>96</sup> *Parliamentary Papers, 1831-32, Colonies: East India, 9, IUP*, Appendix, pp 152-53. The figures are given for the Ceded and Conquered Provinces for the years 1817-18, 1818-19 and 1819-20.
- <sup>97</sup> Jagdish Raj in *Contributions to Indian Economic History I*, Tapan Raychaudhuri (Ed.) Calcutta 1960, p 50.
- <sup>98</sup> Cf. however 'Talmiz Khaldun' in *Rebellion: 1857, a Symposium*, P C Joshi (Ed.), Delhi 1957, p 52, where the Mutiny is characterized as "a peasant war against indigenous landlordism and foreign imperialism". The best discussion of the agrarian elements in the Mutiny is by E Stokes in *Elites of South Asia*, pp 16-32. Cf. also Sulekh-chandra Gupta in *Enquiry*, I, pp 69-98. Any full characterization of the Mutiny must include a definition of the role of the unemployed urban artisans and the sepoys of the Bengal Army, a modern force in an otherwise medievalist upsurge.
- <sup>99</sup> *British Parliamentary Papers: East India Company Affairs, Colonies: East India 8*, Irish

University Press, pp 511 & 517. Meghnad Desai, *IESHR* VIII No 4, pp 346-49, based on J MacGregor (1848).

- <sup>100</sup> M Desai in *IESHR*, VIII, 4, p 349.
- <sup>101</sup> R C Dutt, *Economic History of India in the Victorian Age*, p 161.
- <sup>102</sup> I Durga Parshad, *Some Aspects of Indian Foreign Trade, 1757-1893*, London 1932, p 212 (table).
- <sup>103</sup> R C Dutt, *Economic History of India in the Victorian Age*, p 162.
- <sup>104</sup> *Economic Development of India under the East India Company*, K N Chaudhuri (Ed.) Cambridge 1971, pp 239-42.
- <sup>105</sup> For the quantities of British cotton manufactures exported to India in 1835 and 1839 see the preceding paragraph. I have assumed the Indian population to have been roughly 215 million and each family to consist of 5 persons.
- <sup>106</sup> H Fukazawa in *Economic History of India, 1857-1956*, V B Singh (Ed.) p 238 (table).
- <sup>107</sup> Ellison estimated the proportions to be 3.9% in 1831-35 and 35.3% in 1856-60. He assumed the population to be 150 million and 182 million in the respective years, and fixed Indian cloth consumption at 21 lb. per capita. (Cited by Desai, *IESHR* VIII, 4, pp 353-4). It is likely that cloth consumption, estimated at 21 lb. during 1820s, was much less thirty years earlier. In that case, Ellison's original estimate of the share of Indian cloth consumption supplied by Britain might really be the right one.
- <sup>108</sup> *IESHR* V, I, pp 8-9.
- <sup>109</sup> *Ibid.*, pp 52-63.
- <sup>110</sup> *IESHR* VIII, 4, pp 317-61.
- <sup>111</sup> *Ibid.*, p 358. Such an increase in productivity was, of course, impossible without technological innovation. Thus the result was an enormous fall in the income of the weaver. According to the District Collectors' reports, "in Vizagapatam, the price of Punjum cloth of the Company's assortment fell from Rs 6 per piece in 1815 to Rs 3-8-0 in 1844, and the profits of the weaver from 1 or 2 rupees to 8 or 4 annas. In Bellary, prices in the case of the inferior varieties diminished by 35%, and the net income by 75%." (A Sarada Raju, *Economic Conditions in the Madras Presidency, 1800-1850* p 180). 1 Rupee = 16 annas.
- <sup>112</sup> Cf. D R Gadgil, *The Industrial Evolution of India in Recent Times*, London 1944, p 43.
- <sup>113</sup> Statistics showing the increase between 1814 and 1828 are given in *Parliamentary Papers, 1831-32, Colonies: East India*, 8, p 511.
- <sup>114</sup> Note on Indian Population, 1800-72, *op. cit.*, table III.
- <sup>115</sup> A census of 1837 put its population at 284,132. See Hunter, *Statistical Account of Bengal*, XI, pp 32-34.
- <sup>116</sup> For the 1839 figure see M Desai, *IESHR* VIII, 4, p 349; for 1849, see R C Dutt, *Economic History of India in the Victorian Age*, p 161.
- <sup>117</sup> Cf. Karl Marx, "The East India Company" (1853), *Articles on India* p 50; *On Colonialism*, pp 48-9.
- <sup>118</sup> He added prophetically: "The manufactures of that country would be reduced to very deplorable circumstances if any severe check was to be given to the usual investment and exports from India." *A Selection from the Despatches, Treaties, & Other Papers of the Marquess Wellesley*, K G, S J Owen (Ed.) London 1877, p 697.
- <sup>119</sup> N K Sinha, *Economic History of Bengal*, III, Calcutta 1970, pp 14-17; A Siddiqi, *op. cit.*, pp 153-56, cotton prices on pp 190, 192-3. Cf. R C Dutt, *Economic History of India in the Victorian Age*, pp 131-2.
- <sup>120</sup> See the account in A Tripathi, *Trade & Finance in the Bengal Presidency, 1793-1833*. Calcutta, 1956; and S B Singh, *European Agency House in Bengal*, Calcutta 1966.
- <sup>121</sup> *Parliamentary Papers, 1831-32, Colonies: East India*, 9, I U P, p 250. Cf. also *Ibid.*, 8, pp 512-13.
- <sup>122</sup> R C Dutt, *Economic History of India in the Victorian Age*, table on p 162. Cf. table on value of imports and exports on p 160. See also table of commodity composition of Indian exports, 1814-15 to 1857-58 (selected years) given by K N Chaudhuri in



- Economic Development & c., op. cit.*, p 26.
- <sup>123</sup> Crawford in *Economic Development*, & c., p 251.
- <sup>124</sup> *Ibid.*, p 251-2.
- <sup>125</sup> *Parliamentary Papers, 1831-32, Colonies: East India*, I U P, p 251 (Q No. 2190).
- <sup>126</sup> Thomas Toke in *Economic Development*, & c., p 171.
- <sup>127</sup> R C Dutt, *Economic History of India in the Victorian Age*, p 162. In 1836-37 India had exported to China goods of the value of Rs 6.72 crores and imported to the value of Rs 0.53 crore in goods and 1.24 crores in treasure, leaving a favourable balance of Rs 4.96 crores. The balances were smaller in the next two years (K N Chaudhuri, *op. cit.*, table on p 49). It ought to be borne in mind that Indian customs house figures for exports at this time used to be gross under-valuations (Crawford, *op. cit.*, pp 245-6).
- <sup>128</sup> B R Mitchell and Phyllis Deane, *Abstract of British Historical Statistics*, Cambridge 1962, p 318.
- <sup>129</sup> Cf. Dadabhai Naoroji, *Poverty and Un-British Rule in India*, 1st Indian edn. pp 188-89, for a passage written in 1880 and containing an indignant criticism of the Opium Trade as an infamous form of realization of the Indian tribute.
- <sup>130</sup> Deane and Cole, p 266 (table).
- <sup>131</sup> Cf. M Dobb, *Studies in the Development of Capitalism*, London 1947, pp 311-12.
- <sup>132</sup> R C Dutt, *Economic History of India in the Victorian Age*, p 359.
- <sup>133</sup> *Ibid.*, pp 373-74.
- <sup>134</sup> L H Jenks, *The Migration of British Capital, to 1875*, London 1963, p 207; quoted in A G L Shaw (Ed.) *Great Britain and the Colonies, 1815-1865*, London 1971, p 21.
- <sup>135</sup> Mitchell and Deane, *op. cit.*, p 318. The excess in value of Indian exports over imports in trade with all countries in 1871 was almost the same, viz. £ 17.6 million (R C Dutt *op. cit.*, pp 343-44).
- <sup>136</sup> The burden was increased substantially also because the guaranteed capital was so wastefully employed. According to Dadabhai Naoroji (*Poverty and Un-British Rule in India*, p 121; also p 31), the annual drain of wealth from India to Britain increased from £ 8.7 million during 1855-59 to £ 31 million during 1870-72. While Naoroji certainly stood on the right side of the barricades, the principles on which he based his calculations are not above criticism (cf. Bipan Chandra, *Rise and Growth of Economic Nationalism in India*, New Delhi 1966, pp 645-48). The large increase in the annual drain exhibited in Naoroji's figures is partly to be explained by the exceptional capital-flow to India during the late 1850s and early 1860s, which reduced the excess of Indian exports over imports during that period, and so concealed the real size of the Indian tribute.
- <sup>137</sup> See tables in R C Dutt, *op. cit.*, pp 345, 530.
- <sup>138</sup> These calculations have been made from the statistical tables given in Mitchell & Deane, pp 283, 324-5.
- <sup>139</sup> Based on tables of imports into India in R C Dutt, *op. cit.*, pp 161, 345, and tables of British exports in Mitchell & Deane, 303-4. It would have been better to take both sets of figures from British trade statistics. But the result is unlikely to be very different. M Desai estimates the share of India (in Britain's total textile export) to have been 15% during 1821-30 and 30% during 1871-80 (*IESHR* VIII, 4, p 339).
- <sup>140</sup> The classic account is in R C Dutt, *op. cit.*, pp 401-16, 537-44.
- <sup>141</sup> Of a total of £ 365.3 million of British capital invested in India by 1909-10, government debt accounted for £ 182.4 million, railways and other transport for £ 141.5 million and plantations for 24.2 million. Investments in electricity and power, &c., minerals and oil, and commerce and industry, all together, amounted to no more than £ 12.7 million. (Sir George Paish's estimate, adapted and cited by Arun Bose in V B Singh (Ed.) *Economic History of India, 1857-1956*, p 494).
- <sup>142</sup> Desai in *IESHR* VIII, 4, p 351 (table).
- <sup>143</sup> Amiya K Bagchi, *Private Investment in India, 1900-1939*, Cambridge 1972, p 226 (table.)

- <sup>144</sup> Desai in *IESHR* VIII, 4, pp 353-4.
- <sup>145</sup> Daniel and Alice Thorner, *Land and Labour in India*, Bombay 1962, p 77.
- <sup>146</sup> *Ibid.*, pp 78-79 (table).
- <sup>147</sup> R C Dutt, *op.cit.*, tables on pp 529 & 533.
- <sup>148</sup> See tables in B M Bhatia *op.cit.*, p 224, & Amiya K Bagchi, *Private Investment in India, 1900-1939*, Cambridge 1972, p 95. The tables relate to the last decade of the 19th century and the earlier years of this century. Agricultural statistics of this kind are not available for earlier periods.
- <sup>149</sup> A chronological table is furnished by Bhatia, p 343.
- <sup>150</sup> Bhatia, pp 242, 250, 261.
- <sup>151</sup> M Mukerji in V B Singh (Ed.), *Economic History of India, 1857-1956* pp 678-9 (table); Bhatia, pp 349-51 (tables). D Kumar finds a substantial decline in real wages of agricultural labourers in the Madras Presidency between 1875 and 1900 (*op.cit.*, pp 165-67).
- <sup>152</sup> R C Dutt, *op. cit.*, p 471.
- <sup>153</sup> *Ibid.*, pp 518-19.
- <sup>154</sup> S.J Patel, *Agricultural Labourers in India and Pakistan*, Bombay 1952, pp 1-20.
- <sup>155</sup> D Kumar, *op.cit.*, pp 168-82. She declines to see in this increase a "radical transformation of the agrarian economy".
- <sup>156</sup> D and A Thorner, *Land and Labour in India*, pp 70-81
- <sup>157</sup> Marx summed up the divergence between the old and new 'lines' of imperialism in his reference, in 1853, to a parliamentary speech of Bright, "whose picture of India ruined by the fiscal exertions of the Company did not, of course, receive the supplement of India ruined by Manchester and Free Trade" (*Articles on India*, p 36; *On Colonialism*, p 29.)  
The ambitions of Lancashire with regard to India were given full expression during the parliamentary controversy over the renewal of the East India Company's Charter in 1853. The construction of railways was a major plank in the Manchester programme for India, and the guarantee system for railway capital was vigorously supported (R J Moore, "Imperialism and Free Trade Policy in India, 1853-1854", A G L Shaw, (Ed.) *Great Britain and the Colonies, 1815-1865*, pp 184-96).
- <sup>158</sup> Quoted by E Stokes in *Elites in South Asia*, p 25.
- <sup>159</sup> Cf. D R Gadgil, *Industrial Evolution of India in Recent Times*, London 1942, pp 21-22.
- <sup>160</sup> Brij Narain, *Indian Economic Life: Past and Present*. The movement of wheat prices at Farrukhabad is corroborated by the detailed price-data for Meerut collected and analysed by Toru Matsui in *Memoirs of the Institute of Oriental Culture*, University of Tokyo, No 64. March 1970, pp 97 ff. (tables). Toru Matsui's prices begin from 1845, or more often, 1848.
- <sup>161</sup> D Kumar, *op. cit.*, p 91 (table).
- <sup>162</sup> M Mukerji in V B Singh (Ed.) *Economic History of India 1857-1958*, p 685 (tables) Cf. tables of prices from the same source in Bhatia, p 348.
- <sup>163</sup> Cf. A Colvin's Memorandum of 8 November 1875, extracts quoted in R C Dutt, *op.cit.* pp 330-32.
- <sup>164</sup> See my article, "Usury in Medieval India", *Comparative Studies in Society and History*, The Hague, VI, 4, pp 394-98.
- <sup>165</sup> Cf. Bipan Chandra, *Rise and Growth of Economic Nationalism in India*, p 466 and n.
- <sup>166</sup> K Marx, "The Future Results of British Rule in India" (1853), *Articles on India*, pp 70-72; *On Colonialism*, pp 79-81.